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To: ITAC Members

From: ADOA | Arizona Strategic Enterprise Technology

Date: June 7, 2018

Re: Response to Public Comments (March 21, 2018)

On March 21, 2018, John B. Kelly, Principal of Triadvocates, on behalf of his client, Microsoft Corporation, submitted comments regarding the amendment to Project Investment Justification AD-18001; Enterprise Email. Below are the department's responses to the issues raised before the committee.

ISSUE #1: This is an unusual situation

This is not an unusual situation. The State used the same process to establish an enterprise email platform that has been used to procure Microsoft products and licenses for many years.

ADOA supports all of state government agencies by serving as the hub for several support functions, including human resources, procurement, information technology, property management, risk management, and accounting. As ITAC knows, ADOA has been a project sponsor for many information technology (IT) projects including the recent migration of the ADOA hosted mainframe system to a cloud environment. Other examples include the AFIS upgrade, AZNet, and the Source to Pay project.

Among its duties, outlined in A.R.S. § 18-102, ADOA must approve all IT projects from budget units with total costs between \$25,000 and \$1 million, and ADOA may establish conditional approval criteria, including procurement purchase authority.

Additional statutory authority granted to ADOA resides within A.R.S. § 18-104(A)(1)(g), where a “budget unit” is defined to include all state agencies, departments, boards, and commissions, *including* ADOA. Only the universities, community college districts, legislative branch, and judicial branch are excluded according to A.R.S. § 18-101(1). If ADOA was unable to bring its own technology projects forward, this would prevent the department and all the agencies it supports across the entire State from functioning.

ADOA has presented informational updates before this committee multiple times to discuss this project in great detail, including on September 13, 2017, and March 21, 2018.

ISSUE #2: Cost

The licensing costs that are being used for comparison are what were submitted by Microsoft and Google during negotiations for enterprising the state’s email platform. The initial analysis included discounted pricing including levels of credits based on certain Microsoft software that was owned by agencies, up to Microsoft's discretion. Furthermore, the proposed solution (Office 365 G1) from Microsoft is not truly comparable to the solution provided by Google. Most notably, Office 365 G1 does not provide for any offline access to email or documents like the G Suite solution does.

Updated pricing structures were not provided by Microsoft until well after the enterprise contract was already signed with Google. ADOA-ASET has not misrepresented those numbers at any time.

ISSUE #3: Compatibility

Google’s email and calendar are implemented with industry standards which are compatible with Microsoft products. Furthermore, G Suite offers the ability to import and export Office compatible documents. Core to our engagement and planning, ADOA-ASET works closely with all agencies to understand business use case needs and to ensure that all deployment and adoption will bring minimal disruption to their business.

The integrations that agencies have with Microsoft did not come “out of the box,” they were developed over time based on the needs of the business. Based on feedback from the other six states (Wyoming, Utah, Colorado, Maryland, Iowa, Virginia) that have previously made this transition, we anticipate a similar trajectory with G Suite solutions.

ISSUE #4: Compliance

ADOA-ASET has determined that the G Suite solution meets or exceeds our State IT standards and requirements.

ADOA engaged with multiple state agencies, including the Arizona Department of Revenue, Arizona Department of Public Safety, Arizona Department of Corrections, Arizona Department of Health Services, Arizona Department of Economic Security, and Arizona Health Care Cost Containment System, over several months in order to ensure that G Suite can meet federal laws and regulations ranging from IRS Publication 1075 (IRS Pub 1075) to the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In short, all federal security requirements were thoroughly evaluated.

Importantly, the six states that have already successfully transitioned to G Suite are in compliance with the HIPAA and IRS Pub 1075 requirements. While we do not recommend sending Criminal Justice Information Service (CJIS) data via email, ADOA-ASET will be working jointly with our CJIS entity and Federal partners to determine new guidelines and processes to properly protect CJIS data.

ISSUE #5: Consequences

It appears that Microsoft is not accurately representing their own product set; eDiscovery is only included with G3 & G5 options:

<https://products.office.com/en-us/government/compare-office-365-government-plans>.

ADOA had already gone through the initial process of optimizing our Microsoft Office licensing previous to its migration, and anticipates further reducing its need for duplicative licenses over time. ADOA-ASET is using these learnings to assist other agencies as they navigate this process.

The versions of Word, Excel and PowerPoint referenced by Microsoft are web-only, and unlike G Suite, they do not offer any offline functionality. In addition, Microsoft charges extra for Mail and OneDrive storage beyond the limits presented.